

## Message Text

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ACTION OES-05

INFO OCT-01 ARA-06 ISO-00 AID-05 HEW-02 CIAE-00 INR-07

NSAE-00 SP-02 EB-07 AGR-05 IO-11 COME-00 TRSE-00

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R 182045Z FEB 76

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 6782

LIMITED OFFICIAL USE SECTION 1 OF 2 PANAMA 1234

FOR INTERAGENCY TASK FORCE ON POPULATION

E.O. 11652: N/A

TAGS: SPOP

SUBJECT: IMPLICATIONS OF POPULATION GROWTH

REF: STATE 301427

SUMMARY: PANAMA HAS A LOW POPULATION DENSITY WITH NEW TERRITORY TO SETTLE. IT IS TRYING TO DETER URBAN MIGRATION THROUGH PROVIDING BETTER SERVICES IN HEALTH, EDUCATION, AGRICULTURE AND JOB CREATION IN INTERMEDIATE CITY GROWTH CENTERS IN THE COUNTRYSIDE. THE GROWTH RATE DECLINED FROM 3.2 PERCENT IN 1960 TO 3.0 PERCENT IN 1970 AND THEN SHARPLY TO 2.6 PERCENT IN 1974. THIS SEEMS RESPONSIVE TO THE GOVERNMENT'S POLICY OF RESPONSIBLE PARENTHOOD.

1. BASIC POPULATION POLICY. THE PRESENT GOVERNMENT'S FIRST MINISTER OF HEALTH WAS A DYNAMIC AND IMAGINATIVE PEDIATRICIAN, DR. JOSE RENAN ESQUIVEL. HE BELIEVED IN PREVENTATIVE RATHER THAN CURATIVE HEALTH CARE. HE GAVE GREAT IMPULSE TO COMMUNITY HEALTH COMMITTEES WHICH OPERATE COMMUNITY HEALTH CENTERS WITH SUPPORT FROM THE NOW BEING INTEGRATED HEALTH AGENCIES-THE MINISTRY OF HEALTH AND THE SOCIAL SECURITY SYSTEM. THOSE HEALTH CENTERS PROVIDE LOW-COST MEDICINE AND MEDICAL CONSULTA-

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TION. THEY ALSO OFFER BIRTH CONTROL INSTRUCTION, MATERIALS

AND IN THE LARGER CENTERS STERILIZATION. BECAUSE OF ESQUIVEL'S ATTITUDE, BECAUSE IN THE COUNTRYSIDE THE PRINCIPAL SOURCE OF ENERGY FOR FARM WORK IS A LARGE FAMILY, BECAUSE OF LOW POPULATION DENSITY-NATIONWIDE AVERAGE OF 21.4 PERSONS PER SQUARE KILOMETER WITH 49 PERCENT LIVING IN THE PANAMA-COLON CORRIDOR-PANAMA'S POLICY HAS BEEN FOR RESPONSIBLE PARENTHOOD RATHER THAN FOR A ZERO GROWTH RATE.

BETWEEN 1967 AND 1970 AID SUPPORTED FAMILY PLANNING IN PANAMA THROUGH GRANTS TO APLAFA, THE PANAMANIAN FAMILY PLANNING ASSOCIATION. IN 1971 THE MINISTRY OF HEALTH MADE FAMILY PLANNING A CENTRAL ELEMENT IN THE NATIONAL HEALTH PROGRAM. THE GOVERNMENT'S VIGOROUS IMPLEMENTATION OF THE PROGRAM HAS MADE FAMILY PLANNING A PUBLICLY ACCEPTED VEHICLE OF SOCIAL CHANGE. BY MARCH 1974 OVER 30 PERCENT OF THE COUNTRY'S 330,000 FERTILE FEMALES WERE USING SOME FORM OF CONTRACEPTIVE DEVICE. OVER 13 PERCENT OF THE WOMEN RECEIVED THESE THROUGH THE MINISTRY'S FAMILY PLANNING PROGRAM WHICH IS AVAILABLE IN THE 41 HOSPITALS AND 203 LESSER, SATELLITE FACILITIES, NAMELY, HEALTH CENTERS, SUB-CENTERS AND POSTS. PANAMA'S GOAL IS TO BRING THE GROWTH RATE DOWN TO 2.0 PERCENT BY THE YEAR 2000.

2. COST EFFECTIVENESS. LATEST MINISTRY ESTIMATES (1975) ARE THAT 25 PERCENT OF FERTILE-AGED WOMEN NOW USE SOME FORM OF CONTRACEPTION WITH 16 PERCENT RECEIVED FROM MINISTRY FACILITIES. THESE NUMBERS ARE UP FROM 20 PERCENT AND 12 PERCENT RESPECTIVELY IN 1973. THE STATISTICAL EVIDENCE OF THE PERIOD 1960-1974 SHOWS DRAMATIC DECLINES IN POPULATION GROWTH RATES FROM WHICH ONE CAN INFER A HIGH EFFECTIVENESS RATE FOR THE MINISTRY PROGRAM. THERE IS LACKING AN ANALYSIS OF SOCIO-ECONOMIC FACTORS ON FERTILITY IN PANAMA WHICH WOULD GO FURTHER TOWARD PROVING CAUSALITY.

1960 1970 1974

NATURAL RATE OF INCREASE (PCT)	3.2	3.0	2.6
CRUDE BIRTH RATE (PER 1000)	39.9	37.1	31.2
OVERALL DEATH RATE (PER 1000)	8.1	7.1	5.3
INFANT DEATH RATE (PER 1000)	47.8	40.5	31.0
MATERNAL DEATH RATE (PER 1000)	2.0	1.4	0.8
AVERAGE LIVE BIRTHS PER WOMAN	---	3.2	---

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GENERAL FERTILITY RATE (PER 1000)	164.4	131.2	110.5
LIVE BIRTHS (TOTAL)	44,207	53,287	50,564

THE CONSTRAINT IN THE MINISTRY'S EFFORTS TO IMPROVE ITS ACCEPTOR PERCENTAGES IS THE SAME AS THE GOVERNMENT'S OVERALL CONSTRAINT-HIGHLY DISPERSED POPULATION LIVING IN AREAS OF DIFFICULT ACCESS. THE MINISTRY OF HEALTH AND THE SOCIAL SECURITY SYSTEM THROUGH AN INTEGRATED RURAL HEALTH DELIVERY

STRATEGY ARE UTILIZING PARA-PROFESSIONALS IN SMALL INEXPENSIVE HEALTH POSTS IN REMOTE AREAS IN THE INTERIOR. AN AID LOAN IS PROPOSED FOR LATE FY 76 WHICH WILL ASSIST THIS OUTREACH EFFORT BY THE CONSTRUCTION OF 400 RURAL HEALTH POSTS. THESE FACILITIES WILL PROVIDE FAMILY PLANNING SERVICES AS WELL AS GENERAL PRIMARY HEALTH SERVICE.

3. IMPACT ON DEVELOPMENT. GROWING POPULATION-ABOUT 44,000 A YEAR-GROWING PURCHASING POWER IN THE CITIES, AGRICULTURAL POLICIES LEADING TO INADEQUATE INCREASES IN FOOD PRODUCTION AND UNFAVORABLE WEATHER, ALL COMBINED TO CAUSE FOOD IMPORTS TO INCREASE FROM \$27 MILLION IN 1969 TO \$44 MILLION IN 1971. PRINCIPAL IMPORTS WERE GRAIN, EDIBLE OILS AND FATS, MEAT, FRUITS AND DIARY PRODUCTS. PRODUCTION SUBSEQUENTLY IMPROVED, AND FOOD IMPORTS WERE \$41.6 MILLION IN 1974, A CONSIDERABLE REDUCTION IN VIEW OF THE INFLATION IN THOSE YEARS, PARTICULARLY IN GRAIN, THE LARGEST IMPORT.

THE OVERALL ECONOMIC COST OF PANAMA'S POPULATION GROWTH IS MOST OBVIOUS IN THE RURAL AREAS. DESPITE THE COUNTRY'S COMPARATIVELY HIGH OVERALL PER CAPITA GDP AND STEADY RURAL-URBAN MIGRATION, THERE REMAIN VAST DIFFERENCES IN INCOME AND PRODUCTIVITY BETWEEN ITS RURAL AND URBAN POPULATION, WHICH ARE AGGRAVATED BY THE CONTINUED WIDE DISPERSION OF THE RURAL POOR. PER CAPITA GDP IN AGRICULTURE WAS AN ESTIMATED \$474 IN 1974 COMPARED TO \$1417 IN THE NON-AGRICULTURAL SECTOR, AND OUTPUT PER WORKER \$1835 IN AGRICULTURE COMPARED TO \$4360 FOR THE REST OF THE

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NSAE-00 SP-02 EB-07 AGR-05 IO-11 NSC-05 COME-00

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R 182045Z FEB 76

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 6783

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ECONOMY. SINCE THERE ARE EFFICIENT COMMERCIAL SUB-SECTORS (PARTICULARLY BANANAS AND SUGAR) INCLUDED IN AGRICULTURE, THE DATA INDICATE THAT SUBSTANTIAL AND WIDESPREAD RURAL POVERTY EXISTS IN PANAMA. THUS ANY POPULATION GROWTH IN PANAMA'S RURAL AREAS ACCENTUATES THE PROBLEM OF PRESENT RURAL POVERTY. THE CURRENT CONSUMPTION NEEDS OF INCREASED DEPENDENCY FURTHER INHIBITS WHAT IS ALREADY A VIRTUAL ABSENCE OF SAVINGS AMONG THE RURAL POOR. THE RESULTANT LACK OF PERSONAL INVESTMENT IN THEIR OWN FARMING ENTERPRISES KEEPS GROWTH IN RURAL PRODUCTIVITY IN PANAMA AT A VERY LOW LEVEL DESPITE RURAL-URBAN MIGRATION, THUS LOCKING THIS SEGMENT OF THE POPULATION INTO A PERMANENT STATE OF POVERTY.

THERE ARE DIRECT "COSTS" TO THE ECONOMY IN TERMS OF DIVERSION AWAY FROM PRODUCTIVE INVESTMENT THAT CAN BE SPECIFICALLY IDENTIFIED WITH A POPULATION GROWTH INCREMENT. FOR EXAMPLE, THE GOVERNMENT HAS BUDGETED TOTAL EXPENDITURES OF \$313 MILLION IN THE HEALTH, EDUCATION, AND HOUSING SECTORS FOR 1976, A PER CAPITA OUTLAY OF \$185. ASSUMING NO CHANGE IN PER CAPITA OUTLAY, A 3.0 PERCENT ANNUAL INCREASE IN PANAMA'S POPULATION WOULD INCREASE TOTAL GOVERNMENTAL EXPENDITURES IN THESE SECTORS OVER THE NEXT TEN YEARS BY \$100 MILLION MORE THAN WOULD AN AVERAGE GROWTH OF 2.5 PERCENT. IN ADDITION, THE GOVERNMENT ESTIMATES THAT PER CAPITA PERSONAL CONSUMPTION EXPENDITURES WILL BE ROUGHLY \$765 IN 1976. AGAIN ASSUMING NO CHANGE FROM THE 1976 PER CAPITA FIGURE, PERSONAL CONSUMPTION OUTLAYS WOULD TOTAL \$570 MILLION

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MORE OVER THE NEXT TEN YEARS WITH AVERAGE POPULATION GROWTH OF 3.0 PERCENT THAN WITH 2.5 PERCENT. THERE ARE OTHER DIRECT DIVERSIONS THAT ARE NOT SO READILY MEASUREABLE, SUCH AS THE INCREASED PHYSICAL INFRASTRUCTURE THAT A RAPIDLY GROWING POPULATION EVENTUALLY REQUIRES. IN ADDITION, PRESSURE ON THE BALANCE OF PAYMENTS IS INCREASED DIRECTLY BY NON-CAPITAL GOODS IMPORT NEEDS OF INCREASED POPULATION. IN PANAMA'S CASE, A 3.0 PERCENT POPULATION GROWTH RATE WOULD RESULT IN \$100 MORE NON-CAPITAL GOODS IMPORTS OVER THE NEXT TEN YEARS THAN A 2.5 PERCENT RATE, AGAIN ASSUMING NO CHANGE FROM 1976 PER CAPITA NON-CAPITAL GOODS IMPORTS ESTIMATED AT \$164.

4. IMPACT ON EMPLOYMENT, MIGRATION AND SOCIAL SERVICES. CONTINUING STAGNATION IN THE SUBSISTENCE RURAL AREAS AND A DESIRE TO SLOW MIGRATION WITHIN THE CAPITAL CITY'S ALREADY SATURATED JOB MARKET HAVE INCREASED PRESSURE ON THE GOVERNMENT TO INVEST IN NOT ONLY ECONOMICALLY PRODUCTIVE ACTIVITIES BUT ALSO IN NON-PRODUCTIVE RURAL SOCIAL INFRASTRUCTURE, TO MEET THE MINIMUM NEEDS OF THE RURAL POOR. IN RECOGNITION OF THIS PRESSING NEED --ON BOTH HUMANITARIAN AND POLITICAL GROUNDS-- THE GOVERNMENT HAS ADOPTED AS ONE OF THE PRIMARY POLICY GOALS OF ITS ECONOMIC

DEVELOPMENT STRATEGY THE IMPROVEMENT OF THE HEALTH, EDUCATION, HOUSING, AND GENERAL WELFARE OF THIS NEGLECTED SEGMENT OF PANAMANIAN SOCIETY. THE REMOTENESS AND DISPERSION OF MANY OF THESE PEOPLE MEANS A HIGH COST WILL BE PAID IN TERMS OF HUMAN AS WELL AS FINANCIAL RESOURCES TO ESTABLISH AND OPERATE THESE FACILITIES, AND TO BUILD THE ROADS AND COMMUNICATIONS LINKING THESE AREAS TO COUNTRY. THIS DIVERSION OF RESOURCES AWAY FROM DIRECTLY PRODUCTIVE INVESTMENTS WILL REDUCE PANAMA'S RATE OF ECONOMIC GROWTH AND DEVELOPMENT--ONE MEASURE OF THE REAL COST OF POPULATION GROWTH.

5. IMPACT ON ECOLOGY. WHILE CERTAIN AGRICULTURAL AREAS SUFFER FROM A POPULATION TOO GREAT FOR THE LAND TO SUPPORT ADEQUATELY, THERE IS ROOM FOR RURAL RESETTLEMENT. IN BOCAS DEL TORO, THE PRINCIPAL BANANA PRODUCING AREA, POPULATION DENSITY IS ONLY 5.5 PERSONS PER SQ KM. HERE THE GROWTH RATE IS THE HIGHEST IN THE COUNTRY--3.6 PERCENT. EVEN IF THAT RATE CONTINUES AND THE POPULATION THUS DOUBLES IN TWENTY YEARS, THE DENSITY WOULD BE ONLY 11 PERSONS PER SQ KM. CHIRIQUI, THE PRIMARY PRODUCTION AREA, HAS A POPULATION DENSITY OF 29.9 LIMITED OFFICIAL USE

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PERSONS PER SQ KM. HERE THE GROWTH RATE IS ALSO HIGH-3.4 PERCENT, BUT NEW AREAS OF GOOD LAND ARE BEING OPENED UP WITH ACCESS ROADS. THE FOUR OTHER HIGH DENSITY AGRICULTURAL PROVINCES HAVE RELATIVELY LOW GROWTH RATES--COCLE WITH 28.3 PEOPLE PER SQ KM HAS A GROWTH RATE OF 2.5 PERCENT; VERAGUAS WITH BUT 13.7 PERSONS PER SQ KM HAS A GROWTH RATE OF 2.7 PERCENT; HERRERA WITH A DENSITY OF 32.1 HAS A RATE OF 2.4 PERCENT; AND LOS SANTOS WITH A DENSITY OF 18.9 PERSONS PER SQ KM HAS A GROWTH RATE OF ONLY 1.7 PERCENT. THE DAMAGE TO THE ECOLOGY FROM SLASH AND BURN FARMING IS MORE A RESULT OF AGRICULTURAL PRACTICE THAN POPULATION PRESSURE.

6. IMPACT ON POLITICS. THE OVERCROWDED CAPITAL CITY ABSORBED THE LION'S SHARE OF PANAMA'S DEVELOPMENTAL INVESTMENT IN THE MID 60'S AND EARLY 70'S. THE EMPHASIS HAS NOW SWUNG TOWARDS THE COUNTRYSIDE WITH INVESTMENTS DIRECTED AT IMPROVING SMALL FARMER PRODUCTIVITY AND IN PROVIDING SOCIAL SERVICES SUCH AS HEALTH AND EDUCATION IN INTERMEDIATE CITIES AND MARKET TOWNS. PANAMA'S EFFORTS HAVE SO FAR SUCCEEDED IN MINIMIZING THE DISAFFECTION THAT LEADS TO LAWLESSNESS, TERRORISM AND REPRESSION.

7. COORDINATION. COORDINATION WITH OTHER DONOR ORGANIZATIONS AT THE FIELD LEVEL IS ACCOMPLISHED IN TWO DIFFERENT WAYS. THE TECHNICAL LEVEL PERSONNEL OF PAHO, IPPF, UNICEF, UNPF AND IDB WORK CLOSELY TOGETHER IN DAILY IMPLEMENTATION OF THEIR PROGRAMS WHICH ARE CLOSELY INTERRELATED. THIS COORDINATION CENTERS AROUND THE MINISTRY. THE OTHER TYPE OF COORDINATION

IS A POLICY-LEVEL GROUP COMPRISED OF THE DIRECTORS OF THE  
INTERNATIONAL ASSISTANCE AGENCIES.

DIFFERENT OPERATING RESTRICTIONS, SOURCES OF FUNDS AND  
AVAILABILITIES OF PERSONNEL AND MATERIAL HAVE MADE IT MOST  
CONVENIENT FOR THE POPULATION ASSISTANCE AGENCIES TO DIVIDE  
PROJECTS AND TYPES OF ASSISTANCE IN PANAMA. THIS SELECTION BY  
COMPARATIVE ADVANTAGE HAS BEEN VERY USEFUL AS A PROGRAMMING  
TOOL.

DECONTROL FOLLOWING 2-17-77

JORDEN

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## Message Attributes

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